

203- 010050-005

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FEDERAL MARITIME COMMISSION

U.S.-FLAG FAR EAST DISCUSSION AGREEMENT

FMC Agreement No. 203-010050-005

**A Cooperative Working Agreement
Among Ocean Common Carriers**

**NOTE: This Agreement was last republished on December 20, 1982.
It does not contain an expiration date.**

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ARTICLE 1 - NAME OF AGREEMENT

The name of this Agreement is the "U.S.-Flag Far East Discussion Agreement."

ARTICLE 2 - PURPOSE OF AGREEMENT

The purpose of this Agreement is to permit U.S.-flag ocean common carriers to establish a cooperative working arrangement for joint consideration of and action on transportation matters of mutual interest, pursuant to the Agreement's terms, to assure the availability of efficient and economically sound U.S.-flag liner operations at fair and reasonable rates, terms and conditions, and to promote an efficient, stable and economic transportation system in U.S. foreign commerce.

ARTICLE 1 - NAME OF AGREEMENT

The name of this Agreement is the "U.S.-Flag Far East Discussion Agreement."

ARTICLE 2 - PURPOSE OF AGREEMENT

The purpose of this Agreement is to permit U.S.-flag vessel operating common carriers by water to establish a cooperative working arrangement for joint consideration of and action on transportation matters of mutual interest, pursuant to the Agreement's terms, to assure the availability of efficient and economically sound U.S.-flag liner operations at fair and reasonable rates, terms and conditions, and to promote an efficient, stable and economic transportation system in U.S. foreign commerce.

ARTICLE 3 - PARTIES TO AGREEMENT

The Parties to this Agreement are U.S.-flag ocean common carriers engaged in freight transportation services:

American President Lines, Ltd.
1800 Harrison Street
Oakland, CA 94612

Lykes Bros. Steamship Co., Inc.
Lykes Center
300 Poydras Street
New Orleans, LA 70130

Sea-Land Service, Inc.
Box 800
Iselin, NJ 08830

United States Lines, Inc.
27 Commerce Drive
Cranford, NJ 07016

Waterman Steamship Corporation
120 Wall Street
New York, NY 10005

ARTICLE 3 - PARTIES TO AGREEMENT

The Parties to this Agreement are U.S.-flag vessel operating common carriers by water engaged in freight transportation services:

American President Lines, Ltd.
800 Harrison Street
Oakland, CA 94612

Lykes Bros. Steamship Co., Inc.
Lykes Center
300 Poydras Street
New Orleans, LA 70130

Sea-Land Service, Inc.
Box 800
Iselin, NJ 08830

United States Lines, Inc.
27 Commerce Drive
Cranford, NJ 07016

Waterman Steamship Corporation
120 Wall Street
New York, NY 10005

ARTICLE 4 - GEOGRAPHIC SCOPE OF AGREEMENT

This Agreement covers the trades and various sub-trades (collectively, the "Trade") between ports and points in the Far East, on the one hand, and, on the other, ports and points in (a) the Far East, (b) the United States, including its commonwealths, territories and possessions, and (c) foreign countries not included in the Far East. "Far East" means the foreign countries, and portions thereof, included in the Pacific Basin region that extends from Japan and the Eastern U.S.S.R. in the north to Southern Asia, the Philippines and Malaysia/Indonesia in the south, as encompassed by Trade Route Nos. 12, 17, 22 and 29 defined by the U.S. Maritime Administration in United States Oceanborne Foreign Trade Routes, MarAd/DOT (September 1984).

ARTICLE 5 - AGREEMENT AUTHORITY

5.1 This Agreement authorizes the Parties to discuss, consider, exchange information and data and, where possible, agree upon and present, jointly and/or separately, U.S.-flag positions pertaining to the following matters of mutual interest:

(a) Cargo movements, seasonality and other fluctuations of traffic flows and related data bearing on the level and frequency of liner services, particularly U.S.-flag liner services, required by the shipping public.

(b) Practices in connection with the receipt, carriage and delivery of cargo, including cargo classifications

and cargo space accommodations, and, the operation by the Parties and other carriers, of vessels, equipment and facilities in the Trade.

(c) Performance of joint surveys of Trade conditions and needs, present and future, including, for example, exchange of operating cost data.

(d) Effectiveness and responsiveness of self-policing systems and related costs and contracts; development of specific evidence of suspected illegal pricing activities, and other means of identifying and eliminating malpractices in the Trade.

(e) Cooperative working arrangements; liner pools; fuel and energy requirements; environmental controls; economic, political and fiscal policies; port development; and commercial and governmental practices affecting U.S.-flag liner services or access to cargo in the Trade.

(f) Cost of service relating to cargo moving in the Trade and transportation rates, including through rates, and surcharges, conditions of carriage, rules, practices and tariffs therefor; provided, however, that the Parties do not intend to discuss rates, rules or conditions of carriage relating to Department of Defense cargo shipped by the Military Sealift Command, which are specifically excluded from the scope of this Agreement.

(g) Practices, rate structures and policies relating to the interchange of traffic with other carriers; provided, however, that to the extent intermodal transportation is involved, the Parties do not intend to discuss inland divisions (as distinct from inland portions) of through routes within the United States.

(h) Any matter within the scope of agreements effective under the Shipping Act of 1984 and/or other authority relating to the Trade, provided that any Party who is not a member of any such other agreement will not be privy to information or data that are confidential pursuant to such agreement.

5.2 The Parties agree that they will exchange information and data relevant to the purpose of this Agreement as may be appropriate from time to time. Absent objection from any Party, discussions hereunder and exchanges of information may be accomplished by mail, telephone, telex, telecopier and other communications systems. Nothing herein may be construed as obligating any Party to exchange such information or data, or as limiting the right of any Party to continue or to make changes in its present rates, rules and practices.

5.3 Without limitation of the authority described above, the Parties will agree upon common positions and present these, jointly and/or separately, to conferences, rate agreements and other arrangements effective in the Trade, and to United States and foreign governments, departments, agencies and governmental

entities; investigate economic and competitive conditions and cooperate in joint efforts to eliminate rebating and other adverse conditions in the Trade; and, agree upon coordination of vessel sailings, chartering, joint service, pooling and other forms of rationalization of their common carrier services, and uniform or agreed rules, practices and procedures relating thereto. Nothing in this Agreement, however, authorizes the Parties to carry out any agreement that may be reached (as compared with a common position that may be agreed and presented, as described herein) unless separately filed and effective under the Shipping Act of 1984.

5.4 The Parties may establish such guidelines and procedures as they deem desirable for the implementation and administration of this Agreement. Any such guidelines and procedures will be consistent with the terms of this Agreement, and will neither expand nor diminish the authority herein.

ARTICLE 6 - OFFICIALS OF AGREEMENT AND DELEGATIONS OF AUTHORITY

6.1 The Parties will from time to time select or designate an Agreement Chairman. The Chairman or his designee will preside at meetings of the Agreement membership and will file minutes and other documents as may be required by the Federal Maritime Commission. The dates and locations of Agreement meetings will be at the call of the Chairman.

6.2 The Agreement Chairman or his designee and Agreement Counsel each have authority to execute and file with the Federal Maritime Commission on behalf of the Parties any agreements that may be reached pursuant to this Agreement and, subject to Article 8 hereof, any amendment of this Agreement, and to submit associated supporting materials as may be required.

6.3 The Parties will establish such standing, advisory and ad hoc committees as they deem desirable for the furtherance of the purpose of this Agreement. Unless otherwise authorized by the Parties, only duly appointed standing committees will have power to take final action under this Agreement. Other committees will only report and/or recommend to the Parties. Committees will meet at such times and places as they deem necessary and convenient for the performance of their duties. Advance notice will be given to the Agreement Chairman of the dates and (subject to Article 5.1(h) hereof) the scope of all committee meetings. The Agreement Chairman will designate a Chairman to preside at committee meetings, prepare reports or minutes if required, and perform such other functions on behalf of the Parties as may be appropriate.

ARTICLE 7 - MEMBERSHIP, WITHDRAWAL, READMISSION AND EXPULSION

Any ocean common carrier that regularly operates U.S.-flag liner vessels in freight transportation service between ports in the Far East and ports in the United States may become a

6.2 The Agreement Chairman or his designee and Agreement Counsel each have authority to execute and file with the Federal Maritime Commission on behalf of the Parties any agreements that may be reached pursuant to this Agreement and, subject to Article 8 hereof, any amendment of this Agreement, and to submit associated supporting materials as may be required.

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ARTICLE 7 - MEMBERSHIP, WITHDRAWAL, READMISSION AND EXPULSION

Any common carrier by water that regularly operates U.S.-flag liner vessels in freight transportation service between ports in the Far East and ports in the United States may become a

Party to this Agreement. Any Party which ceases to operate such U.S.-flag liner service for a period of six consecutive months will forthwith cease to be a Party hereto.

ARTICLE 8 - VOTING

This Agreement will not be amended or modified without the unanimous consent of the Parties.

ARTICLE 9 - DURATION AND TERMINATION OF AGREEMENT

This Agreement will enter into force on the day that it becomes effective pursuant to section 6 of the Shipping Act of 1984. The Agreement will continue in effect so long as membership herein is maintained by two or more Parties.

ARTICLE 10 - NEUTRAL BODY POLICING

Not Applicable.

ARTICLE 11 - PROHIBITED ACTS

Not Applicable.

ARTICLE 12 - CONSULTATION; SHIPPERS' REQUESTS AND COMPLAINTS

Not Applicable.

ARTICLE 13 - INDEPENDENT ACTION

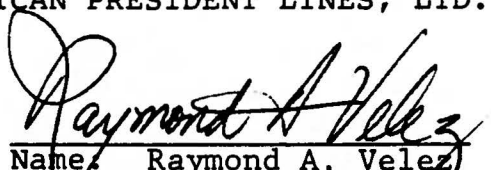
Not Applicable.

ARTICLE 14 - EXPENSES

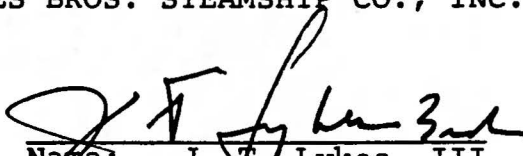
Each Party will bear the expenses of its representatives in connection with attendance at meetings of the Parties. All other expenses of such meetings and of the carrying out and amendment of this Agreement, including legal fees and costs of consultants or other services, will be apportioned as the Parties from time to time decide.

IN WITNESS WHEREOF, the Parties have caused this Agreement, or true counterparts hereof, to be executed by their duly authorized representatives.


AMERICAN PRESIDENT LINES, LTD.

By:  Date
Signed: March 12, 1985
Name: Raymond A. Velez
Title: Vice President-Pricing
and Conference Affairs

LYKES BROS. STEAMSHIP CO., INC.

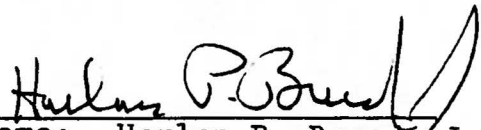
By:  Date
Signed: March 12, 1985
Name: J. T. Lykes, III
Title: Assistant Vice President-
Pricing

SEA-LAND SERVICE, INC.

By:  Date
Signed: March 12, 1985
Name: R. B. Gottshall
Title: Director, Pricing,
Pacific Division

UNITED STATES LINES, INC.

By:



Name: Harlan P. Breed, Jr.
Title: Vice President-Pricing,
Pacific Services

Date

Signed: March 12, 1985

WATERMAN STEAMSHIP CORPORATION

By:


Name: George H. Hearn
Title: Sr. Vice President-
Conference and
Regulatory Affairs

Date

Signed: March 12, 1985